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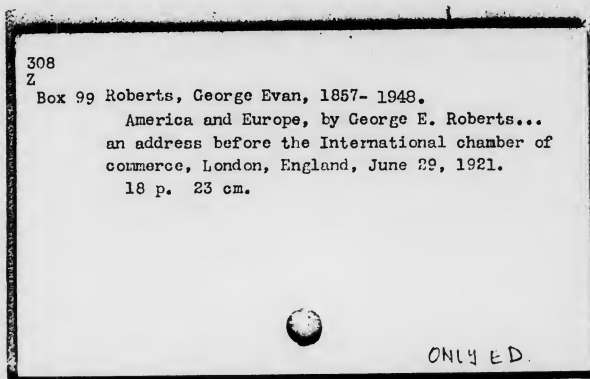
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Gift of the President

AMERICA AND EUROPE

By GEORGE E. ROBERTS
Vice-President

THE NATIONAL CITY BANK OF NEW YORK

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Box 99



An address before the
INTERNATIONAL CHAMBER OF COMMERCE
LONDON, ENGLAND, June 29, 1921

THE International Chamber of Commerce is an outgrowth of the International Congress held in the United States in 1919, when Chambers of Commerce over the world were invited by the Chamber of Commerce of the United States to send delegates to this country for a conference upon matters of common concern, and particularly the problems arising from the war.

A second Congress was held in Paris in 1920, at which time the International Chamber of Commerce was formally organized, with M. Etienne Clementel, Minister of Commerce in the Cabinet of the French Government, as President, and M. Edourd Dolleans, of Paris, as Secretary, and a Board of Directors made up of prominent business men resident in nine countries. The International headquarters are at 33 Rue Jean Goujon, Paris, in a building provided by the French Government.

The Third Congress was held in London, June 27-July 2, this year, with an attendance of about 1,000, representing Chambers of Commerce in seventeen countries. The following address was delivered before the Finance Section, which had under consideration the subject of Export Credits.

AMERICA AND EUROPE

By GEORGE E. ROBERTS

IN view of the interest that has been manifested by many delegates in the economic position of the United States, and its ability and disposition to create credits in the present world situation, it has been thought well by the American delegation that a somewhat detailed statement should be made in their behalf upon the subject.

The American delegation has come to this meeting with a very profound sense of the gravity of existing industrial and social conditions over the world, and of the need for international co-operation in dealing with them. The United States in common with all other countries is suffering from the disorganization of industry and the exchanges which has resulted from the war, and fully realizes the importance of restoring trade relations between countries.

There has come to all peoples in this period of depression a clearer understanding than they ever had before of their mutual interest and dependence. The world had developed before the war a very highly organized system of production and exchange. It was a vast co-operative, voluntary system which had grown up so gradually, and by the contributions of so many people, that we scarcely understood either the extent of our interdependence or how it came to be. There was little general comprehension of the economic principles underlying and governing these relations. Few people thought enough about them to appreciate the gains that accrued to all classes, for example, from a common standard of value, from the interlocking banking systems of all countries, from the development of specialized ability in industry and in trade, and from modern facilities of communication and transportation—all tending as they did, to improve the living conditions of the population everywhere.

This system of interchange of products and services was interrupted and in part broken down by the war. Then, with the exchange of goods in large degree stopped, difficulties developed about making payments even for the shipments that were made. And, finally, the enormous inflation of currency in the form of lawful money or bank credit, vary-

ing in the different countries, compelled a general suspension of gold payments and abandonment for the time being of the gold standard as a common measure of values, and has made the state of confusion in some quarters almost hopelessly complete.

UNSETTLEMENT OF THE SOCIAL ORDER

UNFORTUNATELY this is not all or even the worst of the difficulties. The most serious have arisen from the general unsettlement of the social order. There always has been, and in a progressive society inevitably will be, more or less social discontent, but the interruption of regular industry during the war, the rise in terms of money of the cost of living, and the emergency pressure which constrained governments to satisfy every demand—all tended to develop discontent and to encourage the belief that radical changes in social conditions were possible. The effect has been to confuse and unsettle the minds and impair the efficiency of millions of people. At a time when the world has needed production more than ever before, the hours of labor have been universally shortened, and production reduced in even greater proportion. Wages and costs have been forced up until value-relationships throughout industry are dislocated, and the exchange of goods and services thus made more difficult. Attempts to put the entire burden of heavy taxation upon capital, and to force a greater distribution of wealth for current consumption, tend to reduce the amount of capital available for permanent improvements at the very time when investments of this kind are necessary to make good the deficit of the war time. And, finally, the agitation against property-rights tends to impair confidence and credit and to cripple enterprise. The combined effect of these demoralizing influences is to produce stagnation and unemployment, and to delay recovery from the state of disorganization and distress resulting primarily from the war.

NORMAL TRADE AND INDUSTRIAL RELATIONS MUST BE RESTORED

THE world must restore the old state of co-operation which existed before the war as between classes and occupations within each country and between countries. The compensation of workers in the different industries must be brought back into normal relations, in order that the exchange of products and services may go on. In the United States approximately one-half of the population are engaged in producing foodstuffs and raw materials, a considerable share of

which must be exported and sold in world markets. These products have fallen to pre-war prices or below, while the products of the town industries, held up by labor-costs and understandings of various kinds, have undergone comparatively slight reductions. The result is that the producers of agricultural products and raw materials are unable to buy more than about one-half as much of the products of the town industries as when all products were on a common level of value. There can be no revival of prosperity until a readjustment of these relations is accomplished.

And so there must be a resumption of trade relations between countries. The United States is a country of varied natural resources, and as well constituted to live within itself as any other country. Normally our foreign trade does not exceed 10 per cent of our total trade, but we see that the demoralization of our foreign trade has prostrated the entire domestic business as well.

We need to restore the old relationships everywhere, to open the old channels of distribution and old sources of supply. We don't want to go all over again through the slow processes of growth and organization. We don't want to take time to make ourselves self-supporting in every country. We don't want to take time to find new customers, to learn new trades, to equip with new machinery, and to redistribute the population in new occupations. We want to start up the old machinery, tie up the severed relationships and go on as before.

This means that each country in studying to help itself must study the world situation. The purchasing power of every country is in its own powers of production. Every country must have its own people employed; it must produce and sell somewhere in order to buy. The trade of the world must balance and clear itself in order to have prosperity. In short, we must set up the whole world machine in order to get our own part of it into running.

FUNDAMENTAL CONDITIONS OF INTERNATIONAL CO-OPERATION

THE problem of restoring international trade divides itself into accomplishing those things which a nation must do for itself and those things in which the nations must act together. In the present disorganized state of trade there is greater need for the use of credit in getting the movement started than in ordinary times, while the uncertainties which exist make all business more difficult and credit naturally harder to obtain. First of all the conditions essential to

credit is the maintenance of an orderly state of society, which includes a stable government having the support and willing obedience of the people, recognition of property rights, general willingness on the part of the people to work and maintain an effective state of industry. These are the foundations of credit everywhere; and the more clearly it appears that they are understood and the benefits thereof recognized by all classes, the better the credit of a people will be.

The current regular expenditures of the Governments should be met by taxation, as laid down in the admirable declarations of the Brussels Financial Conference. If the ability to pay taxes is low, there should be unhesitating courage to reduce expenditures correspondingly. The people must be brought to a realization of the necessity of paying their way, and of the futility of such expedients as printing currency to meet Treasury deficits. In short, every effort should be made to get industry and trade back upon a sound and normal basis. Subsidies and regulations hampering business, originally arising from war conditions, should be done away with.

In addition to these basic conditions it may be desirable that in some countries there shall be a mobilization of resources, upon the general theory embodied in the ter Meulen plan, for the purpose of creating the highest form of credit obtainable under existing conditions.

When these things have been done on the side of the nations desiring to import goods and to obtain credit, the responsibility for a revival of trade will be shifted to the nations having a surplus of products for export, and which are the accustomed source of materials and supplies. When the countries which have a natural deficiency of supplies for the sustenance of their population and the operation of their industries have done all that it is in their power to do, the exporting countries blessed with a wealth of natural resources must somehow find a way to do their part. The common obligations of humanity demand it, and their own interests require it. They will never see prosperity in their own streets until they do it.

POSITION OF THE UNITED STATES OF AMERICA

THE delegation from the United States are deeply impressed with the responsibility of their own country in this connection. They recognize that its responsibilities are commensurate with its resources and ability to give aid.

The potential resources of the United States are very great, indeed, both in natural supplies and productive capacity. It has a large surplus of foodstuffs, great capacity for producing raw materials, and the facilities for mass production of manufactures in many lines, especially in steel and industrial and railroad equipment. In fact, the variety and capacity of our industries are such that our perplexity in world trade is in determining what we are willing to take in exchange for the things we are anxious to sell.

In brief, we have the ability, measured by productive capacity, to supply the world with a great amount of capital in the form of our products, but there are difficulties in connection with doing so which we would like you to understand.

This ability to produce goods and materials, as you know, is private ability. The production is by private enterprise and privately owned works. The companies and individuals conducting the operations cannot sell the products around the world on credit. The farmer must be paid for his crop, because he must have the means of paying his own operating and living expenses. The manufacturer must be paid for his goods because he requires all but a small part of the proceeds to pay his own wage-workers and meet other operating expenses.

In ordinary times the movement and distribution of goods from producers to consumers is handled by the traders, with the aid of the banks and financial houses, and it is accomplished largely by the clearing process—a system by which the stream of goods moving one way is offset against the stream moving the other way, and the trade is made virtually to settle itself. Now the balance for the time being is lost, and the problem is to restore it. Temporarily an extraordinary amount of credit must be used to keep the unbalanced movement going.

There must be a general mobilization of capital and credit to take these products from the producers for cash and sell them where they are wanted on credit. A new supply of capital and credit must be brought into the gap. The ordinary supply of credit is not sufficient, and the short-time credit afforded by the banks is not adapted to the situation. The banks are handling temporary funds, the great bulk of which are payable on demand. Obviously they cannot tie up these funds in transactions which will have to run for a term of years.

THE INVESTMENT MARKET

THE other recourse is to the investment market. Securities issued by the corporations or governments of importing countries, or issued by American corporations and based upon the proposed credits, must be sold to individuals who have a surplus of funds for investment, and we would like you to understand the conditions surrounding the investment market at this time.

In the first place while the wealth of the United States, as shown by census returns, is very great, it must be remembered that it is comprised of property spread over a vast extent of territory, of widely distributed ownership and consists very largely of real estate, i.e., farms and town property. The United States is still a new and developing country, and in most sections of it the people are accustomed to devote their surplus incomes to the extension of their own immediate businesses or for other local undertakings. The number of people accustomed to invest in securities listed on the stock exchanges or offered in the public market has always been relatively small. The amount of wealth held in the form of securities is relatively small, and it will not do to base expectations about what the country is likely to do in the way of buying securities upon the wealth reported by the census. It takes time for people to acquire the habit of investing their money away from home and in the custody of others, and particularly to become used to the idea of making investments in foreign countries. Our people distrust their own judgment when it comes to investments in foreign securities.

Down to the beginning of the war practically no foreign securities ever had been sold in the United States; during the war a few issues for the allied and neutral governments were sold there. Since the armistice something over one billion dollars of foreign government securities have been sold there. This shows that we are making progress in developing a world market, but it is a process of growth.

Down to the outbreak of the war we had been accustomed to look to the European market for capital for ourselves. It was a cheaper and broader market than our own.

PRESENT DEMANDS UPON THE AMERICAN MARKET

IT must be remembered that during the war our development work was checked by the fact that the government loans aggregating about \$25,000,000,000 swept up the available funds, so that now every

part of the country is in need of capital for local improvements. We are needing to build houses, to spend large sums upon our railroads and public utilities, which generally suffered deterioration during the war.

The competition for capital for these purposes has made interest rates high and the new offerings of securities at high rates has had the effect of depressing the entire list of outstanding securities and stocks, so that they yield high returns upon present values.

Other factors in the situation are the high rates of taxation and the large amount of securities that are exempt from taxation. Under our political organization the obligations of the Federal Government are not subject to local taxation and, reciprocally, the obligations of states, municipalities and the lesser sub-divisions of government are not subject to Federal taxation. The total amount of securities wholly exempt now outstanding is estimated at approximately \$15,000,000,000, and is constantly being increased by new issues.

The United States Government issues that are totally tax-exempt yield at the present market $3\frac{3}{4}$ to $4\frac{1}{4}$ per cent., and other federal issues 4.60 to 5.60 per cent. Municipal securities pay a tax-free income from $4\frac{1}{2}$ per cent. in the case of certain choice issues up to 7 per cent. in the case of numerous small cities whose credit is not so widely established, but is nevertheless perfectly good.

The presence of this large body of tax-exempt securities has the effect of practically eliminating investors of high incomes as buyers of securities subject to taxation. To an individual with an income subject to our maximum tax, an exempt 4 per cent. Federal or Municipal bond yields an equivalent of nearly 15 per cent. interest. Conversely, a taxable 7 per cent. investment such as a real estate mortgage, an industrial or railroad bond, or a foreign government bond, after tax payments actually yields less than 2 per cent. This calculation is based on Federal taxes only, and there is local taxation to be considered besides. Many of the States have income taxes, the maximum rate in New York State being 3 per cent.

It should be understood, also, that the Treasury of the United States faces the necessity of doing an extensive amount of financing. Within the next two years short-term obligations aggregating \$7,200,000,000 fall due and must be met in the main by refunding operations. While it is true that these operations will not require borrowing in excess of the payments to be made, they will involve an increased demand for investment capital, inasmuch as the banking institutions now carry-

ing short Treasury obligations will avoid the long-term obligations into which conversion is planned. The public market will be affected by the competition of the Treasury for investment funds.

FINANCIAL AND INDUSTRIAL CONDITIONS IN THE UNITED STATES

WE understand that it is a common opinion abroad that the wealth of the United States was greatly increased by the war, but this is a fallacy. The United States was growing in wealth before the war, and there is good reason for believing that this growth was checked rather than stimulated by the war.

It is true that during the first years and before entering the war as a combatant, the nominal wealth of the country increased very rapidly, and the real wealth also increased at greater than the normal rate. But after the country entered the war its own expenditures were very great and the deterioration of property and loss of normal development was very serious. Moreover, a large part of the nominal profits made during the period of rising prices has been lost in the period of falling prices and the country is now experiencing in idle industries, business depression, unemployment and bankruptcies, a reaction which is costing an amount that cannot be measured. We are paying now the natural penalty of abnormal prices and abnormal profits, and when we are through with it the record is likely to show, as for every other such experience, that the balance is in red. We have a great body of internal private indebtedness representing, in part, war-financing, but more largely speculation and extravagance induced by the rise of prices. Our people now face the necessity of liquidating this indebtedness with products at low prices and with business stagnant and unprofitable.

HIGH INTEREST RATES

THESE are some of the conditions which we would like you to understand in forming your judgment upon what the United States has done and may be reasonably expected to do in the way of financing Europe. You have found it necessary to pay high interest rates upon your borrowings there; we see the terms commented upon in European papers as "extortionate." But these loans must be offered upon the public market and we ask you to consider that it is useless to offer large issues in any market of the world at less than the current rate for good home securities in the same market. It is not the fault

of the American banker that interest rates are high; it is his business to give the best advice he can as to the requirements of the market, and it is enough to say in vindication of his advice in the past that the European issues which have been placed on the American market heretofore may be purchased to-day at an average of practically the original issue price. A few are slightly above, but more are below.

WIDELY SPREAD RESOURCES AND POPULATION
OF THE UNITED STATES

THIS statement of conditions in America is not made for the purpose of discouragement, but in order that there may be a good understanding. The bankers and business men of the United States who expect to exert themselves actively to the end that their country will come with all the strength it can summon to the relief of this world situation, want you to understand the conditions with which they must deal. The capital which the world needs can be largely supplied from the United States; the potentialities are there; but they are scattered over a great continent and in the hands of millions of people whose interest and co-operation are necessary. The main body of these people live in the interior, back from the Atlantic coast, some of them as far west of New York as New York is west of London.

If you should lay the map of the United States upon the map of Europe with New York upon London, the important city of San Francisco would fall somewhere beyond the Ural Mountains, over in Asia. I mention this only to show that, inevitably, these people are more or less provincial in their outlook, in the sense that local interests dominate. They are remote from Europe, and their relations with it are mainly indirect.

It looks like a long way for them to go to invest money which just now they need very much in the management of their own affairs. It is a question how far an appeal addressed to them by the business interests of the eastern seaboard will move them, for they do not by any means consider the interests of the eastern cities as identical with their own. They are a people of high intelligence and will respond eventually to the necessities of this situation, as they did to the conditions which brought America into the war; but nobody can speak for them but themselves, and the very nature of the situation is such as to present difficulties in obtaining from the whole country prompt and co-ordinate action. It cannot be done offhand; it depends upon

the spread of public sentiment over a great area. You must take America as she is, and judge her by the conditions which make her what she is—for the same conditions probably would affect any other people in like manner.

THE REPARATIONS AGREEMENT AND BONDS

AMERICA has welcomed the settlement of the terms of the Reparations Agreement, and accepts the declarations of the German Government of its purpose to pay, as made in good faith. It believes the terms to be just and that they should be strictly carried out, so far as they prove to be economically practicable. American financiers, however, have viewed with some concern the statements emanating from several countries to the effect that the Reparation Bonds would be offered in the United States. From their point of view it would be unfortunate to have them introduced into that market at least at the present time. In the first place they are five per cent bonds, and the American market at this time is on an eight per cent basis for the best of foreign securities. There is reason to believe that the German bonds would not rank in that class. Without raising any question about the German purpose to pay, the undertaking of one country to pay so large a sum outside of its own borders and in foreign monies must be regarded as more or less of an economic experiment. Its success depends not only on the ability of Germany to export goods, but upon the willingness of other countries to import them. It is impossible to say in advance what effects such a volume of exports from Germany will have upon world markets, or what the attitude of countries toward them will be. It is not clear even what the attitude of the countries receiving indemnity will be toward German exports.

Having regard for the low interest rate as compared with current rates in the United States, and for other features of the situation, it is certain that the Reparation Bonds would have to be sold at a low price to be moved in that market. If anything like a competitive situation developed among sellers, with so large a possible supply, the market might be demoralized. In short, it would be easy under the conditions to spoil the market not only for these bonds but for foreign offerings generally, and seriously interfere with all efforts to aid the European situation. Any experienced investment banker will confirm the truth of this statement.

American bankers feel that it would be unfortunate to have these

bonds offered in a market that was not receptive to them, and sold at low prices. The countries receiving them as indemnity would be disappointed and critical of America for what would be regarded as extortionate terms, and Germany probably would be aggrieved over being compelled to pay so much more than was actually realized by the recipient countries. In all likelihood it would be said on all sides that the United States, which professed to want no indemnity at all, had found a way to obtain the lion's share. The prospect would seem to be good for the United States to get itself thoroughly disliked in all quarters. We wish to avoid getting into that position.

THE GOVERNMENTAL INDEBTEDNESS

THE question of the indebtedness of the Allied governments to the government of the United States, amounting in the aggregate to approximately \$10,000,000,000, is another delicate subject which we realize has great interest for many of our associates in this International Chamber. We are aware that many people think that for various reasons there should be a cancellation in whole or in part of this indebtedness in connection with a general readjustment between the governments that were associated in the war. I have not the time to review the arguments and no inclination to discuss them in a controversial manner. There is influential support for the proposal in the United States, but candor would compel us to say that there is no large body of pronounced opinion in favor of it at this time. There is not such a body of opinion as would justify this delegation in giving any encouragement that cancellation will be entertained. It should be understood that the executive branch of the government of itself has no power to alter the conditions laid down in the Act of Congress granting authority for the loans. This means that nothing can be done except by action of the Congress, whose members come directly from the people of all sections of the country, and it is quite certain they will not act in a matter of so much importance without a definite expression of consent and approval by their constituents. At present it must be said that the American public is not convinced either that justice to its late associates requires that America should take such action, or that the emergency confronting the debtor countries is so great as to require cancellation in order that they may regain a sound economic position.

PUBLIC OPINION IN THE UNITED STATES

IT is true that when a country has declared war its own interests require that it shall use every resource at its command to overcome the enemy as speedily as possible. Fighting alone it will do so, and if it has allies it naturally will withhold no aid that will make their efforts more effective to the common advantage. This affords a basis for the view that each country is impelled in its own behalf to make the largest possible contribution, both directly and indirectly, and that no other measure of the proper contribution of each country to the common cause is practicable. But admitting that from the day the United States entered the war it was necessarily committed to the full use of its resources to achieve victory, it remains true that in order to understand the view of the American people as a body it is necessary to consider the conditions under which they entered the war and their habitual attitude toward European political affairs. They are a great composite people, living a long way from the seat of the conflict. That they should be involved in a European war came as a great surprise to them. They had endeavored to avoid European entanglements. They did not feel that they had any responsibility, historical or otherwise, for the war, or that they were as vitally related to it as the peoples of Europe. This does not imply blame or criticism of any of their associates, but simply that they considered themselves fortunately placed outside the area of European controversies and entitled to the immunities of their position. They entered the war, as they believed, for just and righteous reasons, and cheerfully made heavy expenditures of life and money upon it, but they have never felt that primarily it was their war, or that there was any good reason why they should assume more than the expenses of their own efforts in it.

That reasoning may seem superficial and fallacious to people who view the situation from a different position—but again we would repeat that the attitude of the American people probably is not different from what would be the attitude of any other people under similar circumstances. In any event, as fellow-delegates in this Congress, we feel the responsibility of describing conditions to you as they are.

MUTUAL INTERESTS REQUIRE POSTPONEMENT OF PAYMENTS

ON the other hand it does not follow from this view that the American people have any disposition to pursue a harsh and peremptory policy about these loans. They have postponed temporarily the claims

[14]

for interest payments, and at the instance of the present administration a bill has been introduced in the Congress giving the Secretary of the Treasury plenary powers to extend the time of payments upon principal and interest. We believe that public opinion in the United States will approve of every act of accommodation that is necessary to handle this indebtedness in such manner that it will not embarrass the debtor nations in their recovery or inflict hardship upon them.

Aside from the disposition of the American people to follow this course from motives of friendship and consideration for their late associates in arms, there are other reasons why they should do so, some of which may give greater assurance than any statements from this delegation.

There are economic reasons why the United States should not desire payments upon this indebtedness under present conditions. There is a natural equilibrium in economic affairs which all parties are interested in maintaining. The United States is a great exporting country. With her vast productive capacity she is anxious to maintain and increase her exports, but finds herself today confronted in every foreign country by exchange rates which put her at a disadvantage in the competition. If in the present state of trade the United States should ask for the payment of accruing interest upon these loans, and the debtor governments should go into the markets and attempt to gather up exchange to make the payments, the effect would be to raise exchange rates on New York still higher and bring our exports to a standstill. In short, the United States, from the standpoint of its own interests, cannot afford to accept payments of either principal or interest from the debtor governments at this time. It will handicap and imperil our own trade by doing so. Moreover, if the time ever comes when we can accept such payments without injury to our own trade, by that time the situation will be such that the payments can be made without hardship to the debtors.

PRACTICAL RESULTS OF THE DEBTOR AND CREDITOR RELATIONSHIP

THE position of a creditor country has been reached very suddenly by the United States, and the perplexities of the situation are largely due to that fact. If the development had come in the normal course of trade, there would be nothing alarming in the fact that Europe owes the United States \$10,000,000,000 or \$15,000,000,000. Before the out-

[15]

break of the war the world owed Great Britain approximately \$20,000,000,000, but that indebtedness was giving nobody any concern because Great Britain continued from year to year to re-invest the income largely in the debtor countries. The fact is that the debts of the world to Great Britain, including all of its foreign investments in that category, were always growing and nobody ever raised a question as to how or when they would be paid off. Collectively they were not expected to be paid off, and that suggests a question as to the actual burden involved in a body of indebtedness of which neither principal nor interest ever is to be actually paid! A creditor country under normal conditions is like a rich man who seldom reduces his investments, but rather is always adding to them.

I might go farther, and develop the thought that it makes very much less difference than is commonly thought where a body of securities is owned, provided the income from them is available for investment wherever in the world the best opportunities exist for the development of industry and for increasing the production of staple goods of world-wide consumption. Most of the controversies over the ownership of wealth are based upon the assumption that nobody gets any benefit from wealth but the people who hold title to it, which, of course, is a gross fallacy. The benefits of wealth in productive forms are diffused throughout society, scarcely hindered by national boundaries. To a very much greater extent than we are accustomed to think, the wealth of the world is a common fund, whoever may hold the titles of ownership and wherever it may be located.

THE LESSON OF MUTUAL INTERESTS

THIS may seem to be a kind of talk best appreciated by the owners of wealth and by the people of a creditor country, but I am trying to point out how the interests of countries are intermingled. What I am saying now is intended as much for our own people in the United States as for you. We want to sell our products, and we cannot sell them in normal quantities and collect these debts at the same time, at least under present world conditions. Unless we handle this indebtedness with a proper regard for the trade upon which our industries are dependent we will lose more than the debts amount to. That is the lesson in relationships which goes with our new position as a creditor country. We are not very clear about it yet, because the position is new to us, but we are not slow to discover that high ex-

change rates on New York raise the cost of all American products to foreign buyers. This fact affects every grower of cotton and every producer of grain and live stock in the United States, and whatever affects them likewise affects everybody else in the United States. I venture to say to you that exchange rates and the prices of international products constitute the most powerful influence for the dissemination of wholesome instruction about international relations that can be exerted. They are teaching that the world is one community and that prosperity or depression in any country exerts an influence for prosperity or depression in every other country.

SUMMING UP

IN conclusion and to sum up: This delegation from America has no commission to make promises. It can express only its own opinions. It believes that now the indemnity terms are settled, and that peace and social order in Europe appear to be more firmly assured than at any time since the war, the prospects for international co-operation are greatly improved. They are convinced for themselves and believe that the American people are generally impressed that there will be no prosperity in our own country, no markets for our own products, until international trade is again flowing in accustomed channels. The importing countries desiring credit must do their part; they must supply the best basis for credit they can offer, remembering that those of us in the United States who desire to work with them are obliged to go out to the public market and find the money with which to pay for the things that are wanted. The bankers who handle the securities must comply with the conditions of the market, and they must be able to offer securities they can recommend.

Finally, the needs of Europe should be presented in definite form. There should be something like a general survey in each country to determine what is wanted, and what is most wanted, in order to restore the productive capacities of the country. If it is agricultural implements, a list should be made of the number of ploughs, harvesting machines, or whatever it may be; if it is breeding stock, a list should be made; if it is railroad equipment, a list should be made; if it is cotton or copper or other raw materials, lists should be made and forwarded through the proper channels, together with a statement of the security that will be offered. Then it will be up to the business organizations of the United States to call together representative

people in the industries directly concerned, and see what can be done. There is good reason to believe that steps taken in this orderly manner will lead to practical results. The situation is beset with difficulties but the people of the United States have lost enough in the last year by shrinkage in the value of their products and by idleness in their industries to have supplied everything that Europe has needed for the restoration of her industrial life. Moreover, these losses are continuing and will continue until normal trade is re-established. This fact constitutes a reproach to organized society, and there is reason to believe that when the situation is fully comprehended a way to correct it will be found.

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